

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE**

SAMSUNG ELECTRONICS, CO. LTD.,

Plaintiff,

v.

SHARP CORPORATION, SHARP
ELECTRONICS CORPORATION, and SHARP
ELECTRONICS MANUFACTURING
COMPANY OF AMERICA, INC.,

Defendants.

C.A. No. 07-843-SLR

**DEFENDANTS' OPENING BRIEF IN SUPPORT OF THEIR
UNOPPOSED MOTION FOR A MANDATORY STAY**

OF COUNSEL:

Alan Cope Johnston
G. Brian Busey
MORRISON & FOERSTER LLP
2000 Pennsylvania Avenue, N.W.
Washington, DC 20006-1888
(202) 887-8756

Barry E. Bretschneider
Michael E. Anderson
MORRISON & FOERSTER LLP
1650 Tysons Boulevard, Suite 400
McLean, VA 22102
(703) 760-7743

Updeep S. Gill
Joseph A. Rhoa
NIXON & VANDERHYE
901 North Glebe Road
Arlington, VA 22203
(703) 816-4000

MORRIS, NICHOLS, ARSHT & TUNNELL LLP
Rodger D. Smith II (#3778)
1201 N. Market Street
P.O. Box 1347
Wilmington, DE 19899
(302) 658-9200
rsmith@mnat.com

*Attorneys for Defendants Sharp Corporation,
Sharp Electronics Corporation, and Sharp
Electronics Manufacturing Company of America*

February 19, 2008

TABLE OF CONTENTS

	<u>Page</u>
TABLE OF AUTHORITIES	ii
INTRODUCTION	1
ARGUMENT	1
I. SHARP IS ENTITLED TO A MANDATORY STAY UNDER 28 U.S.C. § 1659(a).....	1
CONCLUSION.....	3

TABLE OF AUTHORITIES

	<u>Page</u>
<u>CASES</u>	
<i>In re: Princo Corp.</i> , 478 F.3d 1345 (Fed. Cir. 2007).....	2

INTRODUCTION

Pursuant to 28 U.S.C. § 1659(a), Defendants Sharp Corporation, Sharp Electronics Corporation, and Sharp Electronics Manufacturing Company of America, Inc. (collectively “Sharp”) respectfully request that the Court stay plaintiff’s claims and Sharp’s related declaratory judgment counterclaims in this action pending disposition of related proceedings, *In the Matter of Certain Liquid Crystal Display Devices and Products Containing the Same*, USITC Inv. No. 337-TA-631, concurrently initiated before the United States International Trade Commission (“ITC” or “Commission”) under section 337 of the Tariff Act of 1930.¹ That parallel proceeding involves the same parties, the same patents and the same issues, and counsel for plaintiff has indicated that plaintiff does not oppose this motion for a stay.

ARGUMENT

I. SHARP IS ENTITLED TO A MANDATORY STAY UNDER 28 U.S.C. § 1659(a)

Federal law provides for a mandatory stay of related civil actions that involve the same parties and the same issues pending final disposition of related proceedings before the ITC:

In a civil action involving parties that are also parties to a proceeding before the United States International Trade Commission under section 337 of the Tariff Act of 1930, at the request of a party to the civil action that is also a respondent in the proceeding before the Commission, the district court shall stay,

¹ On January 30, 2008, Sharp Corporation filed a separate complaint with the ITC entitled *In the Matter of Certain Liquid Crystal Display Devices and Products Containing the Same*, USITC Inv. No. 337-TA-___ (docket no. 2594) (“Sharp ITC Action”) alleging that Samsung Electronics Co. Ltd., Samsung Electronics America, Inc. and Samsung Semiconductor Inc. are infringing Sharp’s U.S. Patent Nos. 6,879,364, 6,952,192, 7,304,703 and 7,304,626. The Sharp ITC Action involves the same four Sharp patents that are asserted in Sharp’s First through Fourth Infringement Counterclaims in this action. The ITC has not yet voted on institution of the Sharp ITC Action, and Sharp’s First through Fourth Infringement Counterclaims are not subject to this motion for mandatory stay.

until the determination of the Commission becomes final, proceedings in the civil action with respect to any claim that involves the same issues involved in the proceeding before the Commission, but only if such request is made within--

(1) 30 days after the party is named as a respondent in the proceeding before the Commission, or

(2) 30 days after the district court action is filed, whichever is later.

28 U.S.C. § 1659(a). Thus, this section requires a stay of district court proceedings until the ITC proceedings involving the same issues are no longer subject to judicial review. *See In re: Princo Corp.*, 478 F.3d 1345, 1355 (Fed. Cir. 2007).

Sharp's request for a stay satisfies 28 U.S.C. § 1659(a). The complaint and Sharp's declaratory judgment counterclaims in this action involve the same parties and the same patents as the proceeding before the ITC. The plaintiff in this Court, Samsung Electronics Co., Ltd. ("Samsung") is also the complainant before the ITC; and the defendants in this Court, the three Sharp entities, are also the respondents in the proceeding before the ITC. *See* Commission's Notice of Investigation, *In the Matter of Certain Liquid Crystal Display Devices and Products Containing the Same*, USITC Inv. No. 337-TA-631, published in the *Federal Register* on January 25, 2008 (attached as Ex. 1). The pending ITC investigation involves allegations that Sharp has infringed certain claims of U.S. Patent No. 7,193,666 (the "'666 patent"), U.S. Patent No. 6,771,344 (the "'344 patent"), U.S. Patent No. 7,295,196 (the "'196 patent"), and U.S. Patent No. 6,937,311 (the "'311 patent"). Claims of the '666 patent, the '344 patent, the '196 patent, and the '311 patent are also asserted to be infringed by Sharp in the complaint in this parallel action.

Sharp's request for a stay is timely. Based on the complaint filed by Samsung on December 21, 2007, the ITC instituted an investigation and formally named Sharp as a respondent by publishing its Notice of Investigation in the *Federal Register* on January 25, 2008.

See 19 C.F.R. § 210.3 (defining respondent as any “person named in a notice of investigation”). Thus, the thirty day period under § 1659(a)(1) began to run on January 25, 2008, and ends on February 25, 2008. Sharp filed this request for a stay in a timely fashion under § 1659(a)(1).

This Court should immediately stay plaintiff’s claims and four of Sharp’s declaratory judgment counterclaims (Counterclaims One through Four in Sharp’s Amended Answer and Counterclaims filed February 8, 2008, D.I. 10) in this action as they involve the same issues involved in the proceeding before the ITC, namely the infringement, validity, and enforceability of claims of the ‘666, ‘344, ‘196, and ‘311 patents, as well as any defenses that might be raised to such claims. *See* Ex. 1. When the determination of the ITC in the parallel proceeding becomes final, the parties can request that the Court lift the stay in this action.

In requesting a stay pursuant to 28 U.S.C. § 1659(a), Sharp expressly reserves any and all of its objections and defenses, including, but not limited to, any defenses based on lack of jurisdiction, improper venue, insufficiency of process and insufficiency of service of process.

CONCLUSION

For the foregoing reasons, Sharp’s motion for a stay should be granted and plaintiff’s claims and Sharp’s declaratory judgment counterclaims in this action should be stayed.

MORRIS, NICHOLS, ARSHT & TUNNELL LLP

/s/ Rodger D. Smith II

Rodger D. Smith II (#3778)

1201 N. Market Street

P.O. Box 1347

Wilmington, DE 19899

(302) 658-9200

rsmith@mnat.com

*Attorneys for Defendants Sharp Corporation,
Sharp Electronics Corporation, and Sharp
Electronics Manufacturing Company of America*

OF COUNSEL:

Alan Cope Johnston

G. Brian Busey

MORRISON & FOERSTER LLP

2000 Pennsylvania Avenue, N.W.

Suite 5500

Washington, DC 20006-1888

(202) 887-8756

Barry E. Bretschneider

Michael E. Anderson

MORRISON & FOERSTER LLP

1650 Tysons Boulevard, Suite 400

McLean, VA 22102

(703) 760-7743

Updeep S. Gill

Joseph A. Rhoa

NIXON & VANDERHYE

901 North Glebe Road

Arlington, VA 22203

(703) 816-4000

February 19, 2008

1602170

CERTIFICATE OF SERVICE

I, Rodger D. Smith II, hereby certify that on February 19, 2008, I caused the foregoing to be electronically filed with the Clerk of the Court using CM/ECF, which will send notification of such filing to:

William J. Marsden, Jr., Esquire
FISH & RICHARDSON PC

I also certify that copies were caused to be served on February 19, 2008, upon the following in the manner indicated:

BY HAND & E-MAIL

William J. Marsden, Jr., Esquire
Raymond N. Scott, Jr., Esquire
Fish & Richardson P.C.
919 N. Market Street, Suite 1100
P.O. Box 1114
Wilmington, DE 19899-1114

BY E-MAIL

Ruffin B. Cordell, Esquire
Joseph Colaianni, Esquire
Fish & Richardson P.C.
1425 K Street, N.W., Suite 1100
Washington, DC 20005

/s/ Rodger D. Smith II

Rodger D. Smith II (#3778)
rsmith@mnat.com

EXHIBIT 1

**UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C. 20436**

In the Matter of

**CERTAIN LIQUID CRYSTAL DISPLAY
DEVICES AND PRODUCTS CONTAINING
THE SAME**

Inv. No. 337-TA-631

NOTICE OF INVESTIGATION

AGENCY: U.S. International Trade Commission

ACTION: Institution of investigation pursuant to 19 U.S.C. § 1337

SUMMARY: Notice is hereby given that a complaint was filed with the U.S. International Trade Commission on December 21, 2007, under section 337 of the Tariff Act of 1930, as amended, 19 U.S.C. § 1337, on behalf of Samsung Electronics Co., Ltd. of Korea. Letters supplementing the complaint were filed on December 28, 2007 and January 15, 2008. The complaint as supplemented alleges violations of section 337 based upon the importation into the United States, the sale for importation, and the sale within the United States after importation of certain liquid crystal display devices and products containing the same that infringe U.S. Patent Nos. 7,193,666, 6,771,344, 7,295,196, and 6,937,311. The complaint further alleges that an industry in the United States exists as required by subsection (a)(2) of section 337.

The complainant requests that the Commission institute an investigation and, after the investigation, issue an exclusion order and a cease and desist order.

ADDRESSES: The complaint, except for any confidential information contained therein, is available for inspection during official business hours (8:45 a.m. to 5:15 p.m.) in the Office of the Secretary, U.S. International Trade Commission, 500 E Street, S.W., Room 112, Washington, D.C. 20436, telephone 202-205-2000. Hearing impaired individuals are advised that information on this matter can be obtained by contacting the Commission's TDD terminal on 202-205-1810. Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202-205-2000. General information concerning the Commission may also be obtained by accessing its internet server at <http://www.usitc.gov>. The public record for this investigation may be viewed on the Commission's electronic docket (EDIS) at <http://edis.usitc.gov>.

RECEIVED
SECRETARY
FEB 21 2008
15 8 52

FOR FURTHER INFORMATION CONTACT: Mareesa A. Frederick, Esq., Office of Unfair Import Investigations, U.S. International Trade Commission, telephone (202) 205-2560.

AUTHORITY: The authority for institution of this investigation is contained in section 337 of the Tariff Act of 1930, as amended, and in section 210.10 of the Commission's Rules of Practice and Procedure, 19 C.F.R. § 210.10 (2007).

SCOPE OF INVESTIGATION: Having considered the complaint, the U.S. International Trade Commission, on January 18, 2008, ORDERED THAT –

(1) Pursuant to subsection (b) of section 337 of the Tariff Act of 1930, as amended, an investigation be instituted to determine whether there is a violation of subsection (a)(1)(B) of section 337 in the importation into the United States, the sale for importation, or the sale within the United States after importation of certain liquid crystal display devices and products containing the same by reason of infringement of one or more of claims 1, 2, 8, 15-17, 19-21, and 23 of U.S. Patent No. 7,193,666; claims 7 and 8 of U.S. Patent No. 6,771,344; claims 1-9, 11-14, and 16 of U.S. Patent No. 7,295,196; and claims 6-8 of U.S. Patent No. 6,937,311, and whether an industry in the United States exists as required by subsection (a)(2) of section 337;

(2) For the purpose of the investigation so instituted, the following are hereby named as parties upon which this notice of investigation shall be served:

(a) The complainant is –

Samsung Electronics Co., Ltd.
416 Maetan-dong, Youngtong-gu
Suwon, Kyunggi-Do, Korea 443-742

(b) The respondents are the following entities alleged to be in violation of section 337, and are the parties upon which the complaint is to be served:

Sharp Corporation
22-22 Nagaike-cho, Abeno-ku
Osaka 545-8522, Japan

Sharp Electronics Corporation
1 Sharp Plaza
Mahwah, New Jersey 07430-2135

Sharp Electronics Manufacturing
Company of America, Inc.
9295 Siempre Viva Road, Suite J2
San Diego, California 92154

(c) The Commission investigative attorney, party to this investigation, is Mareesa A. Frederick, Esq., Office of Unfair Import Investigations, U.S. International Trade Commission, 500 E Street, S.W., Room 401, Washington, D.C. 20436; and

(3) For the investigation so instituted, the Honorable Paul J. Luckern is designated as the presiding administrative law judge.

Responses to the complaint and the notice of investigation must be submitted by the named respondents in accordance with section 210.13 of the Commission's Rules of Practice and Procedure, 19 C.F.R. § 210.13. Pursuant to 19 C.F.R. §§ 201.16(d) and 210.13(a), such responses will be considered by the Commission if received not later than 20 days after the date of service by the Commission of the complaint and the notice of investigation. Extensions of time for submitting responses to the complaint and the notice of investigation will not be granted unless good cause therefor is shown.

Failure of the respondents to file a timely response to each allegation in the complaint and in this notice may be deemed to constitute a waiver of the right to appear and contest the allegations of the complaint and this notice, and to authorize the administrative law judge and the Commission, without further notice to the respondents, to find the facts to be as alleged in the complaint and this notice and to enter an initial determination and a final determination containing such findings, and may result in the issuance of an exclusion order or cease and desist order or both directed against the respondents.

By order of the Commission.

A handwritten signature in black ink, appearing to read 'Marilyn R. Abbott', is written over a horizontal line.

Marilyn R. Abbott
Secretary to the Commission


Issued: January 18, 2008

**CERTAIN LIQUID CRYSTAL DISPLAY DEVICES AND
PRODUCTS CONTAINING THE SAME**

337-TA-631

CERTIFICATE OF SERVICE

I, Marilyn R. Abbott, hereby certify that the attached **NOTICE OF INVESTIGATION** has been served by hand upon the Commission Investigative Attorney, Mareesa A. Frederick, Esq., and the following parties as indicated, on January 22, 2008.


Marilyn R. Abbott, Secretary
U.S. International Trade Commission
500 E Street, SW
Washington, DC 20436

COMPLAINANT:

Samsung Electronics Co., Ltd.
416 Maetan-dong, Youngtong-gu,
Suwon, Kyunggi-Do, Korea, 443-742
P- 011-82-31-277-3333

() Via Hand Delivery
() Via Overnight Mail
() Via First Class Mail
☒ Other: certified

COUNSEL FOR COMPLAINANT:

Ruffin B. Cordell, Esq.
Joseph V. Colaianni, Jr., Esq.
Jeffrey R. Whieldon, Esq.
FISH & RICHARDSON P.C.
1425 K Street, NW, 11th Floor
Washington, DC 20005
P-202-783-5070
F-202-783-2331

() Via Hand Delivery
() Via Overnight Mail
() Via First Class Mail
☒ Other: certified

John A. Fedock, Esq.
FISH & RICHARDSON P.C.
111 Congress Avenue, Suite 810
Austin, TX 78701
P-512-472-5070
F-512-320-8935

() Via Hand Delivery
() Via Overnight Mail
() Via First Class Mail
☒ Other: certified

Page 2 – Certificate of Service

RESPONDENTS:

Sharp Corporation
22-22 Nagaike-cho, Abeno-ku,
Osaka 545-8522, Japan
P-81-6-6621-1221

☐ Via Hand Delivery
☐ Via Overnight Mail
☐ Via First Class Mail
☒ Other: certified

Sharp Electronics Corporation
1 Sharp Plaza
Mahwah, New Jersey 07430-2135
P-201-529-8200

☐ Via Hand Delivery
☐ Via Overnight Mail
☐ Via First Class Mail
☒ Other: certified

Sharp Electronics Manufacturing
Company of America, Incorporated
9295 Siempre Viva Road, Suite J2,
San Diego, CA 92154
P-619-671-0960

☐ Via Hand Delivery
☐ Via Overnight Mail
☐ Via First Class Mail
☒ Other: certified

EMBASSY:

Embassy of Japan
2520 Massachusetts Avenue, NW
Washington, DC 20008

☐ Via Hand Delivery
☐ Via Overnight Mail
☐ Via First Class Mail
☒ Other: certified

GOVERNMENT AGENCIES:

Edward T. Hand
Chief, Foreign Commerce Section
Antitrust Division
U.S. Department of Justice
601 D Street, NW- Room 10023
Washington, DC 20530

☐ Via Hand Delivery
☐ Via Overnight Mail
☒ Via First Class Mail
☐ Other: _____

George F. McCray, Esq.
Chief, Intellectual Property Rights Branch
U.S. Bureau of Customs and Border Protection
Mint Annex Building
1300 Pennsylvania Avenue, NW
Washington, DC 20229

☐ Via Hand Delivery
☐ Via Overnight Mail
☒ Via First Class Mail
☐ Other: _____

Page 3 – Certificate of Service

Elizabeth Kraus, Esq.
Deputy Director, International Antitrust
Federal Trade Commission, Room 498
600 Pennsylvania Avenue at Sixth Street, NW
Washington, DC 20580

☐ Via Hand Delivery
☐ Via Overnight Mail
☒ Via First Class Mail
☐ Other: _____

Richard Lambert, Esq.
Department of Health & Human Services
Office of General Counsel
National Institute of Health
Building 31, Room 2B50
9000 Rockville Pike
Bethesda, MD 20892-2111

☐ Via Hand Delivery
☐ Via Overnight Mail
☒ Via First Class Mail
☐ Other: _____